

IN THE AUSTRALIAN COMPETITION TRIBUNAL

of 2013

MURRAY GOULBURN CO-OPERATIVE CO LIMITED

**RE: PROPOSED ACQUISITION OF WARRNAMBOOL CHEESE
AND BUTTER FACTORY COMPANY HOLDINGS LIMITED**

Certificate identifying annexure

This is the annexure marked RAP37 now produced and shown to Robert Arthur Poole at the time of signing his statement on 28 November 2013.

Annexure RAP37
Letter from DFMC's Chairman to suppliers
dated 3 October 2013

Filed on behalf of Murray Goulburn Co-Operative Co Limited
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Chairman's message

3 October 2013

Chairman Update

Dear DFMC Supplier,

Today we see a realignment of milk volumes in NSW and SEQ as DFMC suppliers move to other processors. Whilst it's disappointing to lose the quality of suppliers that we have, it has meant that our estimated regional monthly volumes are now in line with our Anticipated Full Demand (AFD) and all milk is valued at a T1 value for the remainder of this financial year.

Some of our departing farmers have been suppliers of the Co-operative for generations and I know the decision to leave would have been a difficult one. On behalf of the Board I would like to take this opportunity to thank all those departing suppliers for their contribution to Dairy Farmers and Dairy Farmers Milk Co-operative and wish you well into the future.

DFMC via the Milk Supply Agreement (MSA) has a commercial requirement to meet the milk supply needs of Lion. The loss of DFMC farmers today has meant we are now nicely placed to have the right amount of milk to meet our estimated AFD for 2014/15, as such it's important that I emphasise the following:

- | All contracted (legacy farms) will remain in place under contract with DFMC unless released by mutual agreement;
- | Other farms may elect termination dates post the period above by giving the correct notification period to DFMC;
- | All farms who wish to remain with DFMC can;
- | All milk will be picked up during this period and we will work behind the scenes to fix any abnormalities; and
- | That it is our expectation that all existing contracts are honoured

I would like to remind all DFMC members that we have a very important role to play on your behalf. We have a MSA with Lion that provides you with a seat at the negotiation table, you have guaranteed milk off take for all your milk until June 2019 and you have a dedicated Board and management working hard to secure the most favourable terms in the market.

Moving forward, DFMC negotiation committee will be meeting with Lion management in the coming weeks to start the process of determining next year's AFD. Whilst there will be a regional reduction of AFD in NSW, SEQ and Victoria due to the loss of the Coles generic milk contracts by Lion, as stated above, actual milk volumes are closely aligned to expected regional AFD for 2014/15 and as such it should have minimal impact on suppliers individual allocations.

New Holland Scholarship Program

I would like remind suppliers about the New Holland Scholarship Program for the 2013 /14 season, The Scholarship is open to all DFMC members aged between 18 to 45 years. The 12 month New Holland Scholarship Program provides tomorrow's dairy leaders with the skills and aptitude they need today. I encourage those who are interested to participate by nominating as soon as possible. Application form and program information can be downloaded from either milklime at <http://milklime.natfoods.com.au> or [here](#).

2013/14 DFMC Conference and AGM

DFMC's Conference and AGM is fast approaching and will be held at the Cumberland Lorne Resort, Lorne VIC on 19th & 20th November. Invitations will be sent out on the 14th October and I encourage as many members of the Co-operative to attend and participate in open discussions about our future. It will also be a good opportunity to thank our retiring directors for all the work and effort that they have contributed to the Co-operative over the last 10 years.

Dividend

Our accounts for the previous financial year have been finalised and signed off by our Auditors. As such I am pleased to announce for the 4th year in row, DFMC is able to pay a 8 cent dividend on all capital at a record date of 5th November. Like last year, this will be a fully franked dividend and will be paid into accounts the week starting 11th November.

Contract Trading

Contract Trading has been re-opened effective from 1st October; already there are a number of contracted litres of various sizes available for transfer in NSW and SEQ. For more information please visit www.dfmctrader.org.au. In addition to this, on the website we have a section called "Classified" where suppliers may list other items for sale e.g. Livestock. Looking at the website today, there are two listings for livestock herds for sale in NSW.

On a final note I would like to thank all our suppliers (existing and ceasing) for their patience and understanding as we worked through the changing landscape for DFMC. I would like to reassure all active suppliers that the DFMC board will continue to represent your interests at the negotiation table, we will continue to strive to deliver benefits that are equal to our competitors. In these uncertain yet competitive times; your directors are committed to finalising all 2014/15 negotiations including AFD, Policy and Base Milk Price early into the New Year to allow active suppliers the opportunity to evaluate their future with DFMC in a timely manner. If you are uncertain about any aspect about DFMC operations, I encourage you to call our Executive Officer or your Regional Director.

Yours sincerely on behalf of the Board

J Macarthur-Stanham
Chairman
Dairy Farmers Milk Co-operative

